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OCTOBER 17, 1966

SWEDEN CONSIDERS
NEW AGRICULTURAL POLICY

DENMARK'S COOPERATIVES:
AFTER THE FIRST 100 YEARS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

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OCTOBER 17, 1966

VOLUME IV • NUMBER 42

Racks of sausages line the walls of this cooperative-run plant in Denmark. Processing and marketing of farm products in Denmark is dominated by cooperatives, which this year are celebrating their 100th anniversary. See article page 6.

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Orville L. Freeman, Secretary of Agriculture

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Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20401.

Mechanical harvesting of grain on large Swedish farm.

Sweden Considering A New Agricultural Policy

By James F. Lankford
U.S. Agricultural Attaché, Stockholm

Far-reaching changes appear probable for Sweden's farm program next year, as a result of a study conducted over the last 6 years—and released this past summer by the country's special Agricultural Policy Committee.

Appointed in 1960 by the Swedish Minister of Agriculture to help formulate a new program, the committee has recommended that Sweden quit sacrificing efficiency for the sake of agricultural self-sufficiency—that it abandon costly support programs, ease restrictions on farm-product imports, and encourage farmers either to develop efficient producing units or enter new occupations.

The Minister of Agriculture is said to favor many of the recommendations, though he is not bound by them, and will submit to the Swedish Parliament a new farm program, to become effective September 1, 1967. At that time the present temporary farm program is scheduled to expire.

Agriculture to become self-sustaining

The long-term aim of the agricultural policy, as proposed by the committee, is to make Swedish agriculture self-sustaining and to provide consumers with food at the lowest possible cost.

In support of this goal, the country would attempt to stabilize volume of production at about the current level, which has remained almost unchanged since the early 1950's. Taking into account population increases, this would mean a reduction in the degree of national (caloric) self-sufficiency from the current level of 94 percent to about 80 percent by the late 1970's.

The real agricultural price level would be reduced slightly over the next few years (until 1970), continuing the slight downward trend of the past 10 years. Price relationships among individual products would be changed, using world market prices, market balances, prices in the European Economic Community, and domestic production costs as the principal guideposts.

With the possible exception of starch, prices would be supported mainly by means of import taxes rather than production subsidies (the high price line). These taxes would be put on a uniform ad valorem basis and kept stable as long as the ratio between the domestic producers' and consumers' price indices did not deviate by more than 2 percent during any 2-month period. The change to a uniform basis would drop many of the taxes on food items below their current high levels.

While the government has for several years had a goal of adjusting domestic farm prices to lasting changes in the world market, the import taxes in actual practice have been fixed at greatly varying levels. During 1964, they averaged about 50 percent of the import prices but ranged between 23 and 107 percent for different products. And as of July 1966, the average level exceeded 60 percent. Import taxes now are relatively high for wheat, sugar, potatoes, cheese, and eggs and lowest for butter, meat, and winter rape.

The system of goal, ceiling, and floor prices would continue to be used, with price levels changed whenever the Consumers' Price Index fluctuated by more than 3 percent.

Support programs to be reduced

The committee suggested that the government either abandon or reduce its costly support programs for sugar, factory potatoes, butter, and fiber plants; theoretically, this would lead to lower production of the first three commodities and cessation of fiber production.

For sugarbeets, the committee recommended that area be limited to 40,000 hectares (about 99,000 acres) and the situation be reviewed again in a few years in order to chart the future course of this crop. For starch, it took a somewhat more critical attitude, favoring a low price line complemented by subsidies to growers of factory pota-

Under Sweden's new farm program, farms like those at top left and right might be consolidated into bigger units, while poorly located ones (left) might be abandoned. Above, a dairy plant in central Sweden.

toes. These crops are currently selling at domestic prices that are more than double import prices, and both are under the control of monopolies.

The committee found that the regulation system for dairy products had delayed adjustments and resulted in a wasteful overproduction of butter; it recommended the following changes:

- That equalization levies on dairy products be reduced by one-seventh each year—beginning with the regulation year, 1967-68—until the levy has been canceled completely;
- That the annual 134-million-kronor subsidy to small-scale milk producers—except those in northern Sweden—be terminated (the SKr42-million subsidy to producers in northern Sweden would be maintained until further notice in order to back up a farm amalgamation program now underway there);
- That domestic regulation taxes for fats and oils, which are also levied on imports, be abandoned at the beginning of the regulation year. Purpose of this action is to reduce the price of margarine and other fat-containing products.

(The possibility of collecting internal regulation taxes would be kept open until some later date. The maximum amount of regulation and import tax funds allowed for regulatory purposes would not exceed the present level of SKr160 million.)

Regarding meat and egg regulations, the committee advised that the special subsidies for storing of meat be applied only when market prices fall below the floor price and that the special support to small-scale producers of pigs and wool be canceled.

With the goal of reducing marketing costs by stimulating domestic competition, the committee proposed that farmers' cooperatives be relieved of responsibility for handling government price and market regulations. The cooperatives would also lose any other privileges that, from a marketing standpoint, are not available on an equal basis to other enterprises.

The committee would also reorganize the Agricultural Marketing Board, making it an official government agency and not permitting it to participate in price discussions. Rather, representatives of agriculture, the consumers, and other organs of the government would carry on discussions relating to prices.

Aid to underdeveloped countries would be given in the form of technical aid and assistance in improving storage and distribution systems and not as direct food aid. Sweden would continue to contribute funds for buying food on the world market at the lowest possible prices for the purpose of relieving hunger in developing countries.

Farm financing improvements

The committee also proposed measures to improve agricultural efficiency and accelerate reduction in the number of farms and farmers.

It proposed that more credit be made available to farmers through the Swedish Land Bank and through certain credit agencies which would give priority to farmers. Credit would be aided by expanded use of government credit

guarantees, and these would be granted, without limitation, to finance land amalgamation and crop improvements.

In addition, the committee suggested that the Agricultural Board be given more funds for the purpose of buying land for consolidation and resale to farmers, that there be better coordination of different land policy measures so as to increase aid to farmers who need more land, and that farmers with forest land be given an opportunity to exchange that land for shares in forest pools.

More readjustment assistance

The committee stressed that progress in agriculture is highly important to the Swedish economy as a whole, especially in view of the shortage of workers in Sweden. According to official estimates, there will be about 265,000 new jobs available during 1966-70 but only 110,000 persons to fill them (assuming net immigration continues at about 10,000 persons per year).

This situation, plus the lower productivity in agriculture than in industry, prompted the committee to recommend that labor market agencies be authorized to assist farmers wanting to leave agriculture for jobs in other more productive industries. Also, the provincial agricultural boards would be instructed to assist farmers in readjustment and to provide readjustment subsidies of 5,000-20,000 Swedish kronor. The possibility of developing subsidiary work projects in marginal areas would also be investigated.

These changes, along with the expanded financial assistance to farmers, should help reduce the excessive number of small farms in Sweden: In 1964, all but 2,200 of the 224,000 farms in Sweden were under 100 hectares (247 acres) in size.

The committee stated that current resources devoted to agricultural research, which amount to about 1 percent of agriculture's contribution to the gross national product, are not adequate and should be expanded. Government contributions to research, accounting for about three-fourths of total financing, would be coordinated more effectively and special emphasis would be given to improving products of the food-processing industry.

The committee stressed the need to make more vocational training and basic training courses available to adult farm workers and farm operators, particularly to those individuals who have not attended agricultural schools. It also called for more agricultural programs on radio and television and additional money for work by the extension service on readjustment problems.

Should stimulate U.S. trade

If the Agricultural Policy Committee's recommended changes are accepted, the United States will enjoy greater market access and more opportunities for expanding farm-product sales in Sweden.

Greatest benefits would be derived from the reduction in Sweden's degree of food self-sufficiency and the lowering of import taxes on food items. The proposed tax change would tend to increase the market for wheat, rye, beans, peas, potatoes, and vegetable fats and oils, as well as for several other products.

And still another benefit would come from the country's making more efficient use of its available resources. Ideally, this would lead to larger incomes—already the highest in Europe—and expanded imports, especially of convenience and specialty foods.

British Consumers Reported To Be Eating Less of Most Foods

Can the English be drinking less tea? Yes, says the United Kingdom *Board of Trade Journal*. According to the August 26 article "Food Consumption Levels in the United Kingdom in 1965," the British last year drank less tea and ate less of nearly every type of food than in 1964; sugar, fruit juices, pulses, and nuts were some exceptions. In most cases, cutbacks reflected short supplies and higher prices rather than changes in eating patterns.

Meat, milk, margarine down

Total meat consumption was down for the third consecutive year, with some marked changes in the relative importance of different meats. A general beef shortage and high prices pulled U.K. consumption down to 44.4 pounds per capita in 1965—7 percent lower than that of 1964 and 19 percent below prewar levels. In 1965, increased consumption of fresh pork and poultry somewhat offset the decline in beef.

Fluid milk consumption was down last year for the first time since 1957, most likely the result of a hike in the retail price needed to meet the recently increased farmer's guaranteed price.

Margarine consumption in the United Kingdom—going downhill steadily since 1954—last year took its steepest dive, down 10 percent from 1964. While the general trend away from margarine reflects the wider preference for butter as a table spread, the sharp drop last year most likely was the result of an increase in retail prices in late 1964.

Cutbacks in grain consumption were chiefly in flour—down 1 percent from 1964—and breakfast cereals—down 2 percent after a fairly steady rise up to 1963. Only rice showed an increase, up 6½ percent from 1964.

The rise in sugar consumption between 1964 and 1965 reflects the larger intake of sugar confectionery and chocolate rather than direct consumption as sugar. After rising fairly consistently through the 1950's, sugar consumption declined in 1962 and further in 1963 and 1964, partly due to the imposition of a 15-percent purchase tax on confectionery and chocolate items in 1962. The recovery in 1965 may mean that the effects of the purchase tax are wearing off.

Convenience foods gain in popularity

Fruit consumption in 1965 continued to be sluggish. Where expansion has occurred, it has been in items such as juices and canned fruits where convenience has been a selling point. Some of these considerations apply to vegetables as well in that canned and frozen products have shown biggest gains.

From 1964 to 1965 tea consumption dropped 5½ percent from 1964 to 1965—the lowest consumption level since 1952 in the United Kingdom—while coffee consumption was 8 percent higher than in 1964.

During its October celebration of Cooperative Month, the USDA is honoring the 100th anniversary of the Danish cooperative movement, which now permeates all areas of that country's agriculture.

Denmark's Cooperatives: After the First 100 Years

By ARTHUR M. ROLLEFSON
U.S. Agricultural Attaché
Copenhagen

Denmark is often referred to as "cooperative Denmark." Indeed, the cooperative movement plays an important role in the economic life of the country, especially for agriculture and the rural population. Cooperation developed the present structure of Danish agriculture, is the reality behind its ability to compete in the world markets today, and may be the basis for its survival in the future.

How it started

Until the second half of the 19th century, Denmark's farm economy had been based mainly on the export of grain. When cheap imports of grain began to pour into Europe from the virgin land of the New World, Denmark used the cheap grain to feed an infant livestock industry. Development of this industry depended on processing equipment, which in turn depended on capital. Out of this need was born agricultural cooperation. Farmers formed associations and mortgaged their holdings to guarantee jointly the borrowed capital.

The application of cooperative principles to agriculture can be traced back to ancient times. However, the widespread use of cooperatives and the special features of the Danish cooperative movement can best be explained by the character of last century's peasants, who were marked by moderation and a certain goodwill and sociability. The Folk High School awakened in its young pupils a particular democratic attitude and an interest in cooperating in economic matters.

In this atmosphere, the cooperative forms of production and trade developed quite freely and uncontrolled. With the single exception of mortgage credit associations, Denmark has no law concerning cooperative organizations, not even a public registration of them. The only general legislation with any special bearing on the cooperative is the tax legislation, which has a special clause insuring equality in taxation for cooperatives and private firms.

Organization of the co-ops

As a result of its quite unregulated development, the Danish cooperative movement today presents a very complicated and varied picture.

The local societies form the backbone of the movement and confine themselves to one special function—whether that function be running a slaughterhouse or obtaining inexpensive feed. Locally, some of the different societies may share the same building, but each has its own accounts and its own board of directors—even though the members and the board members are often the same individuals.

The cooperative societies of the same kind are united in provincial or national unions. These unions have no power to interfere in the working or management of the independent local societies, but instead concentrate on giving advice and representing the different cooperatives. They also take up work which the local societies cannot do, such as collection of statistics and the administering of price stabilization programs.

The provincial and national associations are again combined in the Central Cooperative Committee, through which the Danish movement is affiliated with the International Cooperative Alliance.

The cooperatives are open to everybody and take no part as such in political, temperance, or religious movements. Still, many of the federated organizations do act as representatives of the producers externally and are in a position to establish a standard of fair prices and conditions as guidance for others.

Important to export trade

A major function of the cooperatives is their work on the national export boards for the dairy products, beef, bacon, and other major exports. Created during World War II and continued voluntarily after the war, the export boards are run by both the cooperatives and the commercial firms; these groups are represented on the boards in proportion to their export shares, with the farmers' cooperatives predominating for most products.

Activities of the boards vary widely. Some limit their work to sales promotion, while others—such as the meat board—handle all phases of exporting. Several of the boards are vested with decisive powers as to quantities available to the exporters and the export quotas to be allocated to individual countries. The boards also participate in the domestic marketing of their products.

The Central Cooperative Committee and all of the export boards are members of the Agricultural Council—politically the most influential agricultural organization. Through the Council, they exert an influence over legislation and the government's agricultural policies.

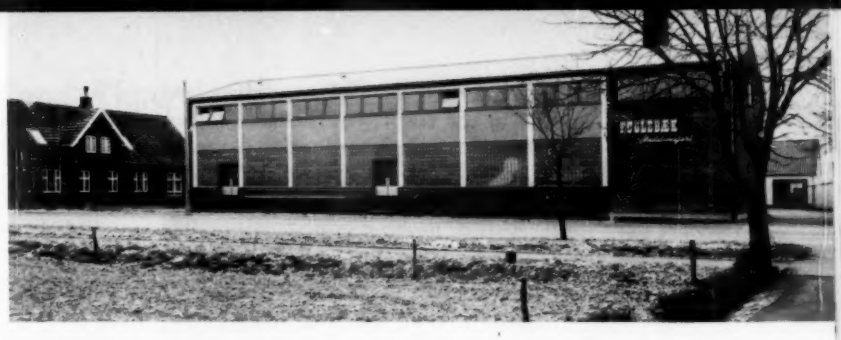
Advantageous to farmers

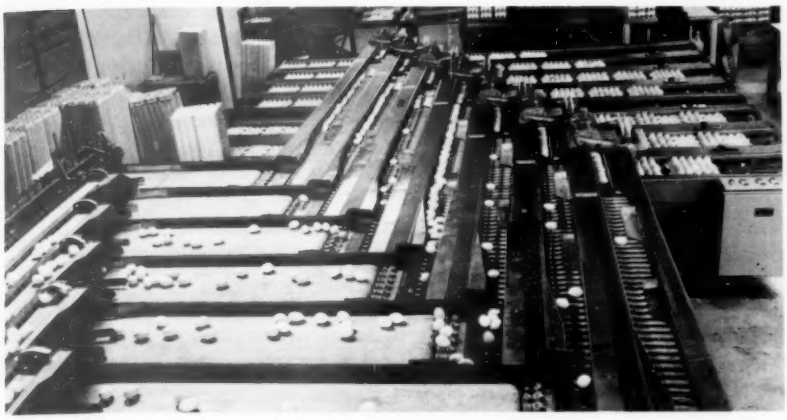
The cooperative movement is realistic. Every member has a reason for participating. Whether they manage large or small farms, all Danish farmers have been able to benefit from the technical and economic advantages of the cooperatives' large-scale operations.

And the farmers have traditionally retained a high degree of independence. It has always been natural and essential to a cooperative's members that they themselves manage the affairs of the society; that they have one vote each and only one; that goods are delivered to, or produce delivered by, members at current market prices; and that the net surplus, after a substantial contribution to the sinking fund, is divided among members according to the amount, or value, of their transactions with the society.

Today, however, most of Denmark's cooperatives are undertaking the difficult task of altering these rights some-

Clockwise from right: One of Denmark's modern cooperative dairies; current president of the Thisted Workers' Cooperative stands below statue of society's first president and founder of the Danish cooperative movement, the Rev. Hans Christian Sonne; modern plant of an egg cooperative.





what—toward more of an indirect democracy—so that progress might be made. As a result, they are in a sort of transitional period of consolidation and improvement. Following are a few of the problems and changes taking place in Denmark's cooperatives.

Processing and marketing co-ops

The *cooperative dairies*, founded in the 1880's, are the origin and backbone of Danish agricultural cooperation. But because they are based on the low cost of labor and the relatively high cost of transportation that prevailed at time of establishment, these cooperatives have had more than their share of growing pains. After several years of attempting to solve their problems through mergers, closing down old dairies, and specializing other dairies, the cooperatives have decided to merge into the Dairy Society Denmark, which will handle all phases of production and marketing of butter, cheese, and liquid milk. Adopted in principle in 1963, the Dairy Society will begin operation after enough dairies have applied for membership.

Currently, about two-thirds of all butter is marketed through the Cooperative Butter Export Association, while only 20 percent of the cheese production is handled by the cheese export association. The remainder is marketed by the dairies themselves or individual exporters.

The *cooperative bacon factories* have during the last decade become the most important source of income for the farmers. In all, there are 62 cooperative slaughterhouses, covering the whole country, having nearly all farmers as members, and handling 88 percent of the hogs for slaughter. Virtually all of these support the bacon export board, which has effectively coordinated exports.

Because they were built after the development of the railroad system, the slaughterhouses started as larger units than the dairies and most are big enough for efficient internal organization. But here again, new products and ways of processing have left most of the cooperatives with too many specialized operations on too small a scale. There is also the problem of coordinating domestic marketing.

The Federation of Cooperative Bacon Factories has been tackling these problems, in line with recommendations of a special structural planning committee set up in 1962. While progress has been generally slow, the Federation was gratified by the recent merger of five cooperative slaughterhouses and hopes that such regional amalgamations will establish a pattern for future changes.

The four *cooperative poultry slaughterhouses* represent 50 percent of poultry slaughtering. While having no major organizational problems, they do work under heavy competition from the privately owned slaughterhouses—especially in the export market.

Some improvements have been made. All the poultry slaughterhouses have adopted a common trademark and have joined forces with the cooperative feedstuff societies to insure breeding of high-quality chickens. Also, a minimum export price for broilers is under consideration and expected to be adopted this spring.

The *Cooperative Egg Export Board*, through its local egg-collecting societies and regional packing center, controls 40 percent of the egg production. An important innovation here is a system of contract production under which farmers are paid more for chicks at certain times of the year. In this way the cooperative is able to regulate the seasonal fluctuations in production. A similar system has recently been introduced by the cooperative poultry slaughterhouses.

The cooperative sector has relatively the smallest influence on the *beef export board*. Two cooperative societies

market 40 percent of the beef and veal production, and 10 percent is handled by the cooperative slaughterhouses.

This is the field where marketing coordination is needed the most. While no progress has been made to date, the problem is currently being taken up by the farmers' organizations. The final goal is to centralize all marketing through the cooperative slaughterhouses and export beef and veal rather than live cattle.

Cooperative societies also handle the marketing of seeds, vegetables, fruits, and potatoes. While the first three groups are working very satisfactorily, the potato marketing society is rather unorganized and coordination is only in the early preparatory stage.

Supplying cooperatives

Among the supply cooperatives, the move toward centralization is less well-defined than for the processing and marketing societies.

The *Consumers' Societies*, which count some 40 percent of the Danish consumers as members, currently have two centralizing tendencies running parallel: One conducted by the Copenhagen society (HB) and hitherto attracting only urban cooperatives; and the other, carried on by the cooperative wholesale society (FDB). The FDB—an amalgamation of mainly rural consumer societies—is now spearheading a drive to bring the conflicting movements together in a national group called the "Denmark Consumer Society."

The *wholesale feed cooperatives*, together with about six regional societies, supply about 1,750 small local feedstuff cooperatives for about 50 percent of the total consumption. Fertilizer, on the other hand, is supplied by one national cooperative through 1,750 other local *cooperative fertilizer societies*. Their market share is 40 percent. In 1964, a national society was established and a joint planning for amalgamation and investments begun, but the work was hampered by lack of financing and has not progressed much.

Structural changes are well on their way in all other areas of Danish cooperative movements—in the cooperative wholesale societies distributing coal, coke, oil, and cement and other building materials; in the cooperative machinery stations, laundries, and waterworks; and in the land credit associations that have helped so many Danish farmers obtain mortgage loans.

Farmers accepting change

The sovereignty of the local societies makes the cooperative organization slower than the private enterprise to adopt new trends. However, farmers are coming to see the need for change and appear willing to give up some of their rights in order to preserve economic freedom. Also, the cooperative leaders, in their painstaking efforts to find an effective compromise between the old ways and the new, are proving they do feel responsible and work for the interest of Danish agriculture as a whole.

Thus today—some 100 years after their founding—the Danish cooperatives are seemingly able to adapt to the changing conditions and to keep Denmark a "cooperative Denmark."

Indian Cotton Crop Increases But Textile Activity Still Slow

A larger cotton crop brings one bullish note this season to the Indian cotton industry, which otherwise continues to be depressed by the slow demand for its textiles and the tight money problems that set in during 1965-66.

As a result of widespread rains during the first of September, India may have a 1966-67 cotton crop that is well above the poor 1965-66 production of 4.6 million bales (480 lb. net). Though formal crop estimates will not be made until early 1967, indications are that a harvest of 5.0 million bales could materialize.

Problems to solve

Such a crop should keep the textile industry's situation from worsening, but the industry has several problems yet to solve. Many of these stem from last season's conflict with Pakistan and the foodgrain crop failure, which led to a general belt-tightening and a drop in domestic demand for textiles. Also, on June 6, the government devalued the rupee—thus increasing the rupee cost of imported cotton —and forbade the use of free foreign exchange to buy cotton. The latter action resulted in stepped-up efforts to obtain cotton under P.L. 480 arrangements with the United States, as well as under clearing accounts with the UAR, the Sudan, and other countries to secure the usual marketing requirements of the last P.L. 480 (Title I) agreement.

The net result was a decline in cotton imports, to 450,000 bales from 668,000 in 1964-65, and a drop in consumption to around 5.0 million bales from the record 5.5 million of 1964-65.

Monetary devaluation, of course, meant a large jump in rupee prices for imported cottons, which in turn caused prices for local longer-staple varieties to soar to new highs in June and July. In mid-September, after the first lots of new-crop cotton had begun coming on the market, prices were being bid to exceptionally high levels.

At the same time, a substantial increase in supplies caused a slump in prices for Bengal Deshi, and 1965-66 shipments of this export item fell to probably their lowest level since 1953-54.

The mills—with controlled prices based on official ceilings for half of their cloth production—are anxious to keep prices of the longer staple raw cotton from rising further. Hence, the Indian Cotton Mills' Federation has adopted a voluntary self-discipline program under which mills will hold not more than 3 months' stocks until December 31.

P.L. 480 agreement signed

In April 1966, India signed a Title I agreement with the United States for 680,000 bales of upland and 20,000 bales of American-Egyptian cotton for purchase and delivery in fiscal years 1966, 1967, and/or 1968. There is a global "usual marketing" requirement of 350,000 bales annually in connection with this agreement.

There were, however, no imports under the agreement in fiscal 1966; and Title I imports—as well as imports from other sources—had been small through September of the current fiscal year.

Poultry Best Seller at U.S. Food Show in Hong Kong

U.S. food firms last month carried out the first large-scale promotion of their merchandise in Hong Kong—home of 4 million persons who must import most of their food and a gateway port to Southeast Asia, where the commercial market for U.S. food has hardly been tapped.

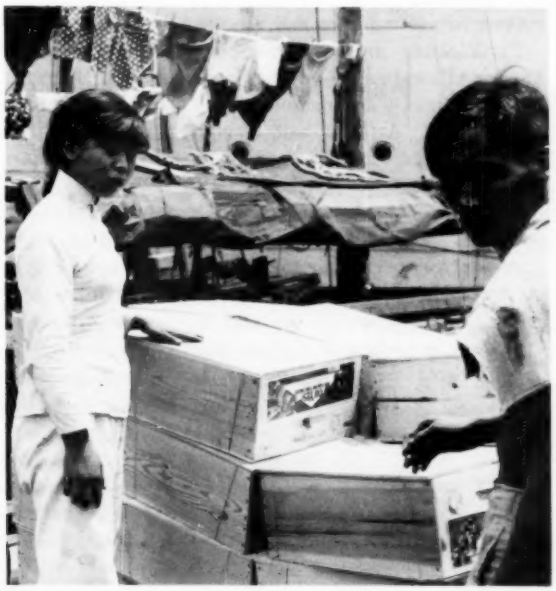
The Hong Kong promotion, a 5-day "trade only" American Food Products Exhibition, was sponsored by FAS in cooperation with Grocery Manufacturers of America, Inc., National Association for the Specialty Food Trade, Inc., and Institute of American Poultry Industries.

Some 60 U.S. food firms participated, displaying 700 different kinds of specialty foods and poultry. Since U.S. foods are not new in Hong Kong, displays were aimed chiefly at increasing sales to established customers and contacting new ones. Well over 5,000 persons attended the exhibition—most of them trade-oriented distributors and retailers.

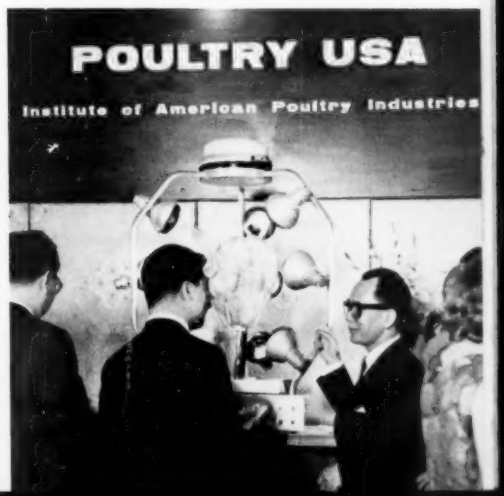
Exhibitors of U.S. poultry products sold over a million pounds at the show. Sales were moderate for other products that face strong competition from many countries, but most exhibitors of these foods reported making worthwhile contacts with prospective importers.

U.S. food exporters have a strong year-round promoter in the Hong Kong housewife, believes Oscar Roesemeier, GMA's industry representative at the exhibition. According to Mr. Roesemeier, "I believe the Hong Kong consumer is changing her food habits towards more convenience foods faster than the retailer. There is a growing interest in frozen foods, and, while there is a shortage of

U.S. foods are sold widely in Hong Kong. Above, housewife selects California oranges. Below, U.S. produce just unloaded from ship in rear onto small boat starts toward Hong Kong shore.



Above, food demonstrator serves samples of U.S. products. Below, scene that greeted visitors as they entered U.S. Food Products Exhibition. Right, barbecued poultry display.



refrigeration in homes, these foods are becoming more popular every day. Actually, I believe the housewives are going to demand that their local shops import more of our products."

Summing up the Hong Kong market, William A. Edward, Far East Area Sales Manager for the H. J. Heinz Company—a show participator—said, "In Hong Kong, there is a good future for American top quality processed foods for sale to a growing segment of the population that has developed Western eating habits. The increased tourist traffic from the West has also had the effect of getting more U.S. institutional packs consumed in the Colony's leading hotels and restaurants."

According to Vic Pringle, chairman of the board of the Institute of American Poultry Industries, "The Hong Kong show was effective. Local buyers and retailers came to see and learn about some of the new items we have to offer."

The Hong Kong exhibition followed a recent USDA-sponsored survey that assessed the potential market for U.S. agricultural products. According to the survey, much of our future expansion could come in exports of U.S. processed and frozen foods—particularly frozen poultry and poultry parts; canned meats, fruits, vegetables, and juices; wheat products; and milk-based infant foods.

Although Hong Kong is only 400 square miles in area, its lack of trade restrictions draws buyers and sellers from all over the world, especially from Asia, making possible total imports comparable to those of much larger nations.

U. S. Exhibit Sparks Foreign Sales at Paris Leather Show

A paddle-wheeled "Leather Riverboat"—a display modeled after an early American showboat—and its cargo of U.S. leather attracted thousands of foreign manufacturers and retailers of leather goods at the annual Semaine du Cuir (Leather Week) in Paris last month. Hundreds of trade visitors to the U.S. exhibit at this world's principal exposition of leather and leather products stayed on to make business inquiries and negotiate purchases.

Participating in the exhibit, which was sponsored by Tanners' Council of America, Inc., and FAS, were nearly 300 U.S. tanning and manufacturing firms who sent sample merchandise. At least half of the participants also sent business representatives to contact foreign trade representatives and develop export business.

The novel exhibit structure successfully served two purposes. It stimulated interest and it provided an effective showcase for the leather samples. Samples were displayed in store windows on either side of the exhibit, on the rotating paddle wheel at one end, and on the open area at the other end where a fashion show-ballet was presented several times every day of the fair. Samples included every type of leather item produced in the United States—from shoes, garments, and handbags to industrial gloves and a car seat.

This year, as last, TCA's fashion show-ballet was one of the biggest crowd pleasers of the entire exposition. The ballet's clothing theme was Western-style casual wear, its music, catchy showboat tunes. Leather in new textures, new finishes, new tannages, and spring 1967 colors appeared in U.S.-made garments, shoes, and accessory items modeled by Parisian actors.

Judging by audience reaction, two "looks" destined for success are haired cattlehide dyed to resemble leopard or ocelot and hide treated to look and feel like plush.

Main objective of the exhibit was to maintain today's high interest in U.S. cattlehide leather and leather products in Western Europe's big market. The United States, world's largest producer of cowhides, exported hides and skins valued at $139 million in fiscal year 1966—nearly 40 percent more than in fiscal 1965. Demand was stimulated during the year by gains in consumer income and economic growth in Japan and Western Europe.

Left, scene from fashion show-ballet, in which Parisians modeled clothing sent to the exhibit by U.S. manufacturers. Below, facsimile of a romantic riverboat housed the U.S. exhibit. Rotating paddle wheel fascinated visitors.

Quality Improvement Program Pays Off for U.S. Tobacco Exports

U.S. tobacco exports will reach their highest point in over 10 years in fiscal 1967, according to preliminary estimates. Largely responsible for this favorable outlook is the excellent quality of the 1966 flue-cured crop.

Estimates now place fiscal 1967 tobacco exports at 560 million pounds (export weight). If this figure is attained, exports will exceed those of fiscal 1966 by almost 100 million pounds and reach their topmost level since fiscal 1956. A substantial increase in exports of flue-cured tobacco is expected to comprise by far the largest portion of the total increase.

The quality of the 1966 flue-cured crop is winning praise from throughout the U.S. tobacco trade and is reflected in strong demand both at home and abroad. Yet only a few years ago, domestic and foreign buyers were expressing dissatisfaction with the quality of U.S. flue-cured tobacco. A dramatic improvement has taken place over the past two seasons primarily as a result of an acreage-poundage program to control the quantity of tobacco a farmer can market, enabling the farmer to emphasize production of quality leaf.

Prior to the 1965 season, flue-cured tobacco was produced under provisions of the acreage-control program, which attempted to control production by alloting acreage. This program worked reasonably well until the early part of the 1960's.

Quality bypassed for quantity

However, with acreage restricted, tobacco farmers tended to ignore quality and emphasize cultivation practices aimed at obtaining maximum yields per acre. To maximize yields, farmers were using too much fertilizer, planting high-yielding, low-quality varieties, using too much sucker control material, topping tobacco too high and spacing the plants too close together, harvesting tobacco before it was ripe, and using excessive irrigation. By the early 1960's, because of these practices, the quality of the crop declined to the point where foreign buyers complained they were finding it difficult, if not impossible, to purchase their normal requirements of high-quality U.S. flue-cured.

At the same time, many of the United States competitors were working hard to improve the quality of their flue-cured tobacco. Through research programs and good cultural practices, they were able to narrow the gap between the quality of their tobacco and that of the United States.

U.S. flue-cured was faced with a crisis. Farmers could change their production program, improve quality, and expand their exports—or continue the acreage-control program, produce poorer quality leaf, and watch their export market decline further.

Many farm and trade leaders urged the adoption of an acreage-poundage program. In a referendum in the spring of 1965, flue-cured growers approved such a program, and it was put into effect for the 1965 crop.

Multiple results reaped

Results of the program have been spectacular. Not only has the quality of the crop improved significantly, but the price to growers has risen, surplus stocks have fallen, and the amount of flue-cured growing under government loan has been largely reduced. In the future, continuation of the acreage-poundage program and further improvement in leaf quality will be instrumental in holding and expanding U.S. markets and in widening the gap between the quality of U.S. leaf and that of leaf grown in other countries.

It is a reputation for excellent quality that has made it possible for the United States to hold its position as the world's leading tobacco exporter. High-quality cigarettes in most countries are made solely from U.S. leaf or from blends of U.S. and either domestic leaf or tobacco imported from other countries. With consumer purchasing power generally improving, consumers are demanding more of these quality cigarettes and other tobacco products.

World cigarette production in 1965, at 2,682 billion pieces, set a new record and exceeded the previous year's output by about 6.2 percent as cigarette smoking continued to gain in almost every country. This increased output will be reflected in both larger world production and increased international trade in tobacco. If the United States continues to improve the quality of its leaf and offer it for sale at competitive prices, the country will command a larger share of the growing world tobacco market.

—HUGH C. KIGER
Director, Tobacco Division, FAS

Pakistan Plans To Triple Fertilizer Use

A crash program to increase production and use of fertilizers has been earmarked as one of the basic elements in Pakistan's program to raise food production under its Third Five-Year Plan (1965-66/1969-70).

The aim of the current plan is to triple fertilizer use from 162,000 tons in 1964 (last year of the second plan) to about 484,000 tons in 1969-70.

According to the Government of Pakistan, experiments in both the eastern and western Provinces have demonstrated conclusively that use of fertilizer, tied to other inputs such as pesticides and improved seeds, can be one of the quickest—and perhaps cheapest—means of raising farm output. During the second plan, use of chemical fertilizers in the country's farm belt quintupled from its 32,000-ton level at the beginning of the plan period. Farm production in the same 5 years grew more than 3.5 percent annually, about triple the growth rate of the mid-1950's.

Fertilizer production units now in operation in Pakistan include six plants capable of producing 596,000 tons of chemical fertilizers. Under the crash program, five new units with a combined capacity of 1.6 million tons will be built. The bulk of responsibility for this production has been delegated to private enterprise, offering fresh opportunities for investment in this section of the economy. Likewise, the government has urged private industry to take the lead in pesticide, insecticide, and other programs related to farm development.

Other steps being taken to ensure successful implementation of the entire fertilizer program include an intensive educational campaign by the agricultural extension staff, continuation of the policy of subsidizing fertilizer sales, provision of credit facilities for farmers, and streamlining of the distribution system.

Argentina Lowers Beef and Hide Export Prices

The National Meat Board of Argentina has again reduced its export price minimums for beef and cattle hides in an effort to stimulate slow-moving sales overseas. Minimums for hides and skins generally were reduced 4½ cents a pound, and those for beef and veal, from $20 to $60 per metric ton. The weak pulse of the world market has been particularly disturbing because of increased cattle production and the prospects for heavy market runs between now and December.

This is the second time in less than 3 months that the Board has revised the prices to assist exports. Exporters at this time, however, say the new prices for hides are still out of line with international quotations, and they are asking for further reductions in minimum hide prices.

To offset the disappointing sales of beef in Argentina's traditional markets, the Meat Board is seeking new markets. They have geared up their promotional activities in such markets as Spain, Greece, Portugal, Brazil, and Chile. On balance, beef exports have been up about 15 percent from 1965 levels. Because of foot-and-mouth disease in Argentina, that country cannot ship fresh, chilled, or frozen beef to the United States.

Philippine Exports of Copra, Coconut Oil

Registered exports of copra and coconut oil from the Philippine Republic during January-August 1966 totaled 591,428 long tons, oil-equivalent basis, 34 percent above the 442,710 registered in 1965.

Exports of copra totaled 616,332 long tons compared with 473,807 in 1965; exports of coconut oil totaled 196,976 compared with 139,474.

Peru's Exports of Fishmeal and Oil

Peruvian exports of fishmeal in the first half of 1966 totaled 646,720 metric tons, compared with 915,464 in the corresponding 6-month period a year earlier. Exports of fish oil (excluding marine mammal oil) during the same period were 28,418 tons against 96,607 in the January-June period of 1965.

U.S. Exports of Soybeans and Products

Record exports of soybeans in the marketing year ending August 31, 1966, totaled 250.6 million bushels—18 percent above the previous record in 1964-65.

Edible oil exports (soybean and cottonseed) in August totaled 105.8 million pounds, substantially below exports in August 1965. Cumulative exports for the 11-month period October-August were just under 1.1 billion pounds, against 1.8 billion in the same period of 1964-65.

In August, total U.S. *cake and meal* exports were 166,000 short tons, or 34,900 tons above those of August 1965. Aggregate exports in the 11-month period through August totaled 2.6 million tons, 23 percent above the same period a year ago.

U.S. EXPORTS OF SOYBEANS AND PRODUCTS

Item and country of destination	Unit	August 1965[1]	August 1966[1]	September-August 1964-65[1]	September-August 1965-66[1]
SOYBEANS					
Japan	Mil. bu.	3.5	4.1	49.3	62.0
Netherlands	do.	1.4	1.1	28.1	33.5
Germany, West	do.	1.0	.9	23.5	33.0
Canada	do.	3.1	1.7	34.8	31.1
Spain	do.	.2	.8	7.6	17.5
Italy	do.	.5	.3	10.4	15.4
Others	do.	2.0	2.2	58.5	58.1
Total	do.	11.7	11.1	212.2	250.6
Oil equivalent	Mil. lb.	128.9	121.7	2,329.7	2,751.5
Meal equivalent	1,000 tons	275.9	260.4	4,986.1	5,888.9
EDIBLE OILS		August 1965[1]	August 1966[1]	October-August 1964-65[1]	October-August 1965-66[1]
Soybean: [2]					
Pakistan	Mil. lb.	——	24.2	189.5	126.3
Iran	do.	9.9	.8	69.8	108.4
Burma	do.	——	14.1	——	60.5
Yugoslavia	do.	1.2	——	2.3	40.4
Colombia	do.	——	3.1	([3])	38.0
Tunisia	do.	10.8	7.0	41.3	30.0
Canada	do.	3.8	1.5	37.0	29.5
Others	do.	73.6	46.4	749.0	236.3
Total	do.	99.3	97.1	1,088.9	669.4
Foreign donations [4]	do.	34.7	5.7	[5]135.6	164.7
Total soybean oil	do.	134.0	102.8	1,224.5	834.1
Cottonseed: [2]					
Germany, West	do.	——	——	144.2	49.9
Canada	do.	5.0	.7	40.9	39.5
UAR (Egypt)	do.	26.7	——	59.2	36.1
Venezuela	do.	1.7	1.8	26.0	29.5
Pakistan	do.	——	——	20.7	21.7
Mexico	do.	10.6	——	32.3	15.4
Morocco	do.	3.3	——	29.4	14.2
Others	do.	7.3	.4	176.7	52.4
Total		54.6	2.9	529.4	258.7
Foreign donations [4]	do.	.5	.1	[5]79.1	1.5
Total cottonseed	do.	55.1	3.0	608.5	260.2
Total oils	do.	189.1	105.8	1,833.0	1,094.3
CAKES AND MEALS					
Soybean:					
Germany, West	1,000 tons	13.2	46.5	269.9	457.1
France	do.	18.8	32.4	344.0	417.7
Netherlands	do.	18.8	28.0	238.6	299.3
Canada	do.	25.4	19.0	232.4	207.0
Italy	do.	15.0	.2	140.5	147.6
Denmark	do.	——	10.0	110.9	143.8
Belgium	do.	11.3	9.1	167.1	140.1
Spain	do.	5.1	——	69.3	122.8
United Kingdom	do.	2.3	4.5	31.5	98.3
Yugoslavia	do.	——	——	108.9	77.8
Others	do.	12.9	12.0	218.5	281.5
Total	do.	122.8	161.7	1,931.6	2,393.0
Cottonseed	do.	1.4	.2	133.5	97.8
Linseed	do.	6.2	3.1	49.9	89.5
Total cakes and meals[6]	do.	131.1	166.0	2,134.8	2,616.7

Note: Countries indicated are ranked according to quantities taken in the current marketing year.

[1] Preliminary. [2] Includes Title I, II, III, and IV of P.L. 480, except soybean and cottonseed oils contained in shortening under Title II. Excludes estimates of Title II exports of soybean and cottonseed oil not reported by Census. [3] Less than 50,000 lb. [4] Title III P.L. 480. [5] October-December 1964 estimated by USDA; includes salad oil and oil in shortening. [6] Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records and USDA estimates.

Tung Oil Shipments From Buenos Aires Decline

Shipments of Paraguayan and Argentine tung oil from Buenos Aires in the marketing year ended July 31, 1966, totaled 35.7 million pounds—a reduction of 18 percent from the previous year. Although shipments of Paraguayan oil increased substantially, this was more than offset by a 35-percent reduction in Argentine oil.

Total volume sent to the United States declined slightly, but the proportion increased, reflecting increased availabilities of Chinese oil in West European countries at prices below those in the U. S. market.

In 1966-67, tung oil shipments from Paraguay and Argentina are expected to be up sharply, since oil production from 1966 tung nut crops is estimated at 60 million pounds compared with only 25 million in 1965-66.

TUNG OIL SHIPMENTS FROM BUENOS AIRES [1]

Origin and destination	Marketing year beginning August 1			
	1962-63	1963-64	1964-65	1965-66 [2]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Argentina:				
To the United States	11,664	12,138	20,468	11,742
To other countries [3]	21,108	29,722	15,098	11,524
Total	32,772	41,860	35,566	23,266
Paraguay:				
To the United States	4,272	10,794	5,584	11,922
To other countries [3]	3,008	4,522	2,422	558
Total	7,280	15,316	8,006	12,480
Total:				
To the United States	15,936	22,932	26,052	23,664
To other countries [3]	24,116	34,244	17,520	12,082
Grand total	40,052	57,176	43,572	35,746

[1] Presumed to represent all of the tung oil exported from Argentina and Paraguay. [2] Preliminary. [3] Largely to West European countries.

Compiled from shipments data, *Boletín Marítimo*, Buenos Aires.

Philippine Exports of Desiccated Coconut

Exports of desiccated coconut during August 1966 totaled 8,056 short tons. January-August exports were 43,439 tons, down slightly from the same period a year ago. Of the total, 70 percent moved to the United States compared with 78 percent in the first 8 months last year.

Canada Has Excellent Grain Harvest

Canada's second forecast places wheat production at a record 840,449,000 bushels, 30 percent over last year's crop and 16 percent above the 1963 record of 723 million bushels.

Barley production is forecast at 286,841,000 bushels, up 34 percent and second only to the 292 million-bushel crop in 1952. The Canadian oats crop is estimated at 382,390,000 bushels, down 8 percent, and rye at 14,932,000, down 11 percent.

A large portion of this year's grain crop in the Prairie Provinces, where most of the grain is produced, was harvested at the time of the current survey. Consequently, the forecast is based to a large extent on actual threshing returns. This is in contrast to last year, when the harvest was seriously hampered by wet weather. Excellent weather in the latter part of September and into early October of this year has permitted completion of the grain harvest on the prairies.

U.S. Cotton Imports for August Announced

U.S. imports of cotton for consumption totaled 39,000 bales (480 lb. net) in August, the first month of the 1966-67 quota year for long staple growths. Imports of cotton in August 1965 were 53,000 bales.

Practically all of the imports during August entered under the 1966-67 global quota for long staple cotton (1⅛ inches and longer), with Egypt the largest supplier. Prior to last season, the global quota of about 82,500 bales of extra-long staple cotton (1⅜ inches and longer) was usually filled in the first month of the quota year.

U.S. COTTON IMPORTS BY COUNTRY OF ORIGIN

Origin	Year beginning August 1					
	Average		1964	1965	August	
	1935-39	1950-54			1965	1966
	1,000 bales [1]	*1,000 bales* [1]	*1,000 bales* [1]	*1,000 bales* [1]	*1,000 bales* [1]	*1,000 bales* [1]
Brazil	3	(2)	0	0	0	0
Burma	(3)	(2)	1	1	(2)	0
China, Mainland [4]	25	0	0	0	0	0
India	[5]67	29	17	13	(2)	(2)
Mexico	23	15	9	2	(2)	0
Pakistan	(3)	8	3	4	0	(2)
Peru	1	13	13	43	21	3
Sudan	(3)	2	5	(2)	(2)	(2)
United Arab Rep. (Egypt)	63	83	70	54	31	35
USSR	2	(2)	0	0	0	0
Other countries	1	2	0	1	1	1
Total [6]	185	152	[7]118	[7]118	[7]53	[7]39

[1] 480 lb. net. [2] Less than 500 bales. [3] Burma and Pakistan included with India. [4] Includes Taiwan (Formosa) prior to Jan. 1, 1953. [5] Included with Egypt prior to 1942. [6] Includes small quantities that are reexported each year. [7] Does not include picker lap imports reported by the Bureau of the Census as raw cotton.

Compiled from Bureau of Census records.

August Tobacco Exports Up Sharply

U.S. exports of unmanufactured tobacco in August 1966 totaled 57.0 million pounds (export weight), compared with only 32.6 million for August 1965. This brings exports for the first 8 months of calendar 1966 to 276.6 million pounds—up 15.2 percent from the 240.0 million shipped out during January-August 1965. This year's value was $231.2 million, compared with $190.4 million.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	August		January-August		Change from 1965
	1965	1966	1965	1966	
Cigars and cheroots					*Percent*
1,000 pieces	6,977	7,037	33,471	55,605	+66.1
Cigarettes					
Million pieces	1,984	2,117	15,193	15,980	+ 5.2
Chewing and snuff					
1,000 pounds	27	15	163	294	+80.4
Smoking tobacco in pkgs.					
1,000 pounds	88	74	607	648	+ 6.8
Smoking tobacco in bulk					
1,000 pounds	1,395	1,217	7,801	8,659	+11.0
Total declared value					
Million dollars	10.8	11.9	79.4	86.4	+ 8.8

Bureau of the Census.

Exports of flue-cured in August of this year totaled 46.6 million pounds—nearly double the 25.3 million exported in August 1965. Burley exports, at 4.9 million

pounds, were also sharply above the 2.7 million shipped out in August last year. For the first 2 months of fiscal 1967, total exports of unmanufactured tobacco were 101.2 million pounds, compared with 68.7 million for the same period of the 1966 fiscal year.

Exports of tobacco products in August 1966 were valued at $11.9 million, against $10.8 million last year. Cigarette exports, at 2,117 million pieces, were up 6.7 percent. For January-August 1966, total value of all tobacco product exports was $86.4 million, compared with $79.4 million for the first 8 months of 1966.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	August		January-August		Change from 1965
	1965	1966	1965	1966	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	25,335	46,637	178,880	204,616	+14.4
Burley	2,713	4,861	26,098	30,290	+16.1
Dark-fired Ky.-Tenn.	1,445	2,145	9,465	10,766	+13.7
Va. Fire-cured[1]	462	105	3,335	3,125	− 6.3
Maryland	584	572	4,398	5,836	+32.7
Green River	72	14	469	457	− 2.6
One Sucker	32	26	132	99	−25.0
Black Fat	224	313	2,130	2,354	+10.5
Cigar wrapper	440	269	2,825	3,208	+13.6
Cigar binder	93	53	2,007	1,566	−22.0
Cigar filler	32	16	279	536	+92.1
Other	1,122	1,941	10,019	13,755	+37.3
Total	32,554	56,952	240,037	276,608	+15.2
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	26.6	49.1	190.4	231.2	+21.4

[1] Includes sun-cured.
Bureau of Census.

France Harvests Bumper Walnut Crop

The 1966 French commercial walnut crop is preliminarily estimated at 33,000 short tons, in shell-basis—65 percent above last year's very poor crop and 15 percent above average. The Bordeaux area will account for about 20,000 tons, the Grenoble area for 9,000, and other areas for the remainder. Although there is some production from new plantings around Bordeaux, most of the increase in production was due to excellent weather during the growing season.

Because of the good weather, the nuts are fairly large, with Cornes running about 27-28 mm. and Marbots about 28-30 mm. in diameter. Also, assuming fairly dry weather during harvest, quality is expected to be good.

Because of the small 1965 crop and the resulting high prices, France imported a substantial quantity of walnuts for domestic use (tentatively estimated at 4,100 tons, in-shell basis). Most of these were in-shell nuts from Italy, but during the 10 months ending July 31, the United States exported 14 tons to France—the largest amount since 1958, when 30 tons were shipped. In addition, U.S. shipments to other EEC countries during these 10 months rose to 552 tons from only 57 tons a year earlier, partly as a result of less French competition.

Exports will be back up to average or above in 1966-67 after very small shipments (8,700 tons, in-shell basis, according to preliminary estimates) this past season. Actual exports during October-July 1965-66 totaled 7,924 short tons, in-shell basis, of which 70 percent were shipped in-shell compared with 18,391 tons (75 percent sold in-shell) during the same period the year before. West Germany, as usual, took the bulk of the in-shell shipments. The United Kingdom, West Germany, and Switzerland again ranked 1-2-3 as buyers of the shelled exports. The United States took only a minor quantity of shelled nuts.

FRANCE'S COMMERCIAL WALNUT SUPPLY AND DISTRIBUTION
[In-shell basis]

Item	Average 1960-64	1964-65	1965-66[1]	1966-67[2]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
SUPPLY				
Beginning stocks (Oct. 1)	...	...	...	...
Production	28.6	33.8	20.0	33.0
Imports	.6	.4	4.1	.5
Total supply	29.2	34.2	24.1	33.5
DISTRIBUTION				
Exports	16.8	19.4	8.5	18.0
Domestic disappearance	12.4	14.8	15.6	15.5
Ending stocks (Sept. 30)	...	...	...	...
Total distribution	29.2	34.2	24.1	33.5

[1] Preliminary. [2] Forecast.

Record Exports of Australian Fruit

Australian exports of apples and pears to Western Europe reached a new record of more than 9 million bushels during the 1966 shipping season.

Generally the world's third biggest exporter of these fruits, Australia shipped some 9.1 million bushels of apples and pears to Western Europe during the 1966 season (April through August), up nearly 1.2 million from the previous year's level. Apples, accounting for about 7.1 million bushels of the total, rose about 430,000 bushels above their 1965 level; this gain was attributed to increased shipments from Tasmania. Pears made up the remaining 2 million bushels, their 630,000-bushel gain from 1965 coming as a result of expanded output in all States.

The United Kingdom remained the major outlet for both apples and pears, taking over half of the total exports. However, its purchases were off from the previous year's. More than offsetting that decline were expanded shipments to West Germany—which took around 2.4 million bushels of apples and pears for second place among markets—the Netherlands, and Scandinavia.

Rains Damage Raisins in Greece and Turkey

Heavy rains in the Aegean region in late August and early September seriously damaged the raisin crops of both Greece and Turkey while the crops were still in the process of drying.

Lateness of the Greek raisin crop this year made it unusually vulnerable to the late summer rains, and the pack will not achieve the bumper proportions earlier indicated despite an exceptionally large grape crop.

There is considerable uncertainty as to the ultimate turnout, since it remains to be seen how many of the damaged raisins can be salvaged. Some sources believe the final pack may reach 87,000 tons (sultanas, rosakis, and tachtas), including a substantial tonnage of damaged but still reclaimable raisins. Other sources are less optimistic. At 87,000 tons, the pack would still be well above the 1960-64 average of 65,000 tons. In addition, Greece

may have a carryin of 6,500 tons of salable 1965-crop sultanas. The tonnage available for export could, therefore, still be appreciably greater than average.

The 1966 Turkish pack, previously forecast at 85,000 short tons (*Foreign Agriculture*, Aug. 29) is now not expected to exceed 70,000 tons. Furthermore, a substantial tonnage will be of poor quality. Tentative quality estimates are as follows: No. 10 or better, 18 to 20 percent of the crop; No. 9, 35 to 40 percent; rain-damaged, 40 percent.

At 70,000 tons, the Turkish pack would be below the 5-year average (1960-64) of 82,200 tons and 47 percent below the record 1965 pack of 132,000 tons. However, with a carryin of 33,000 tons of 1965-crop raisins, the 1966-67 supply will be of above-average size. Prior to the rain damage, the Turkish trade had estimated 1966 67 exports at 75,000 tons (they were 84,000 tons in 1965-66). The export level will now hinge on importers' willingness to buy old-crop raisins or low-quality new-crop raisins.

Ivory Coast Increases Cocoa Producer Prices

Prices to be paid Ivory Coast cocoa farmers for the 1966-67 main crop have been set at 70 African francs per kilo (12.86 U. S. cents per lb.), compared with 55 francs (10.1 cents per lb.) paid during the 1965-66 season. The Stabilization Fund will continue to absorb the costs of collection and transportation to export ports.

Austria Removes Duty on Turkeys for Holidays

The Austrian Government has again waived the 26-cents-per-pound import duty on whole turkeys and turkey parts for the period October 1 through December 31, 1966. Similar action occurred last year. This year, however, larger turkey consumption in Austria is expected because of shifting consumer demand and the improved access recently obtained for U.S. turkeys. U.S. turkey sales through August of this year are up, and further increases are expected as the holiday season approaches.

Sharp Increase in Dutch Exports of Butter

Dutch exports of butter in the first 5 months of 1966, at 51 million pounds, were more than double those of the comparable 1965 period. The United Kingdom continued to be the principal market, taking 20 million pounds, against 16 million a year ago. Canada was another important customer in this period, purchasing 11 million pounds. Sales to Morocco rose to 2 million pounds from 220,000. Shipments to Chile were considerably higher, amounting to 4 million pounds, compared with only 67,000 in the same period a year ago. Italy, usually a fairly heavy purchaser of Dutch butter—3 million pounds last year—took only 256,000 in the first 5 months of the current year.

Cheese exports were up 19 percent to 115 million pounds. The largest sales in both years were made to Western Germany—49 million pounds in 1966 and 42 million in 1965. Belgium took 18 million pounds, 1 million more than last year. Shipments to the United Kingdom rose 7 million to 16 million. Sales to the United States, at 3 million pounds, were up 1 million. Other countries which made somewhat larger purchases of Dutch cheese in 1966 were France, Italy, Sweden, and Japan.

Sweden's Dairy Trade Expanding

Sweden's exports of nonfat dry milk in the first half of 1966 rose to 13 million pounds, from 105,000 in the same period of 1965. Principal markets were India, 10 million, and the Netherlands, 2 million. Neither country made purchases last year. Imports during January-June 1966 were only 82,000 pounds, supplied almost entirely by France, Finland, and Denmark.

Butter exports increased 3 million pounds to 8 million, of which about 82 percent went to the United Kingdom. No butter went to East Germany, which a year ago took 4 million pounds.

Cheese sales, at 5 million pounds, were 1 million more than last year. Shipments to East Germany were the same in both years—2 million. In the first 6 months of 1966, the United States, Western Germany, and Japan purchased about 1 million pounds each.

Imports of cheese, at 8 million pounds, were only slightly above those of January-June 1965. Principal suppliers were Denmark, with 5 million pounds in both years, and Finland, with approximately 1 million in both years.

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Highlights of the Agriculture and Trade of Guatemala

Resources:—Guatemala is the third largest Central American country, with an area of 42,014 square miles. Population, estimated at 4.3 million in 1965, is growing at an annual rate of 3.1 percent. Gross national product (GNP), which has been growing at an average rate near 6 percent, was estimated at $234 per capita in 1965. The economy is based on agriculture, which provides about 30 percent of GNP and employs nearly 70 percent of the active labor force.

Agriculture:—According to the USDA index, agricultural output has increased steadily in recent years to a 1965 level which is 55 percent above the 1957-59 average. Farming is concentrated in the highland valleys and narrow coastal plains of southern Guatemala. An estimated 14 percent of total land is under cultivation and crops provided over 90 percent of the estimated value of production in 1965. Commercial crops—coffee, cotton, sugarcane, and bananas—account for 62 percent of the total. The basic food crops—corn, rice, wheat, and beans—provided another 25 percent.

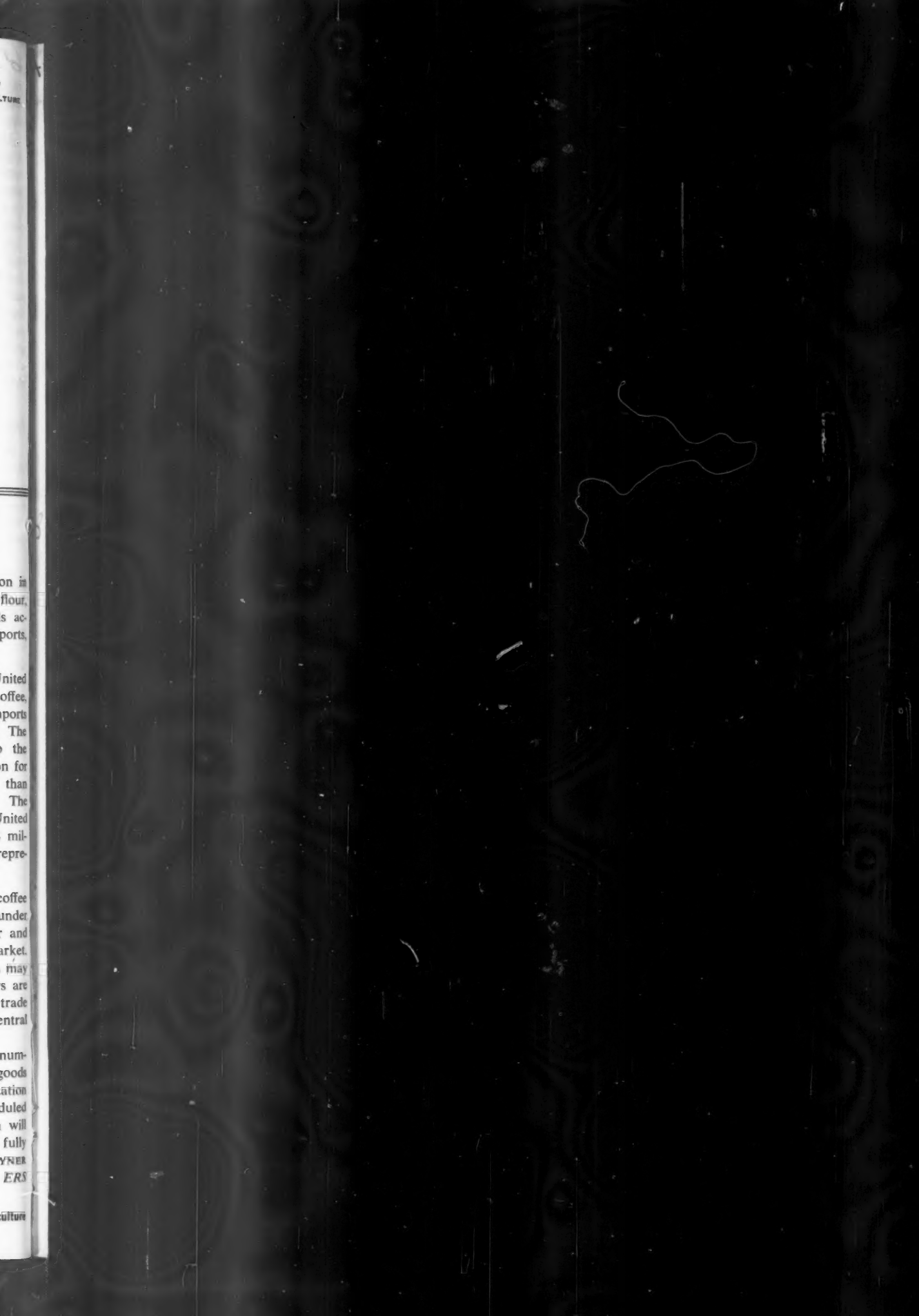
Food situation:—Daily caloric intake averaged 1,970 per person for 1959-61 compared with 2,080 for 1956-58. Daily protein intake was 1.8 ounces of which less than 20 percent was provided by animal products. A slight rise in per capita food production levels has been apparent in recent years but consumption remains below desirable nutritional levels. Cereals, starchy crops, and sugar make up over 80 percent of daily caloric intake.

Foreign trade:—Guatemalan trade is strongly oriented to markets in the United States, Europe, Japan, and neighboring Central American countries. Cotton and coffee provide about 70 percent and bananas, sugar, meat, and other agricultural products 15 percent of total exports, which increased from $117 million in 1960 to $187 million in 1965. Agricultural products including wheat and flour, corn, animal fats, dairy products, and vegetable oils account, in value, for 10 to 15 percent of total imports, valued at $229 million in 1965.

Agricultural trade with the United States:—The United States provides the principal market for Guatemalan coffee, sugar, and meat and is the principal source for its imports of wheat, corn, flour, other cereals, and animal tallow. The total value of Guatemalan agricultural exports to the United States declined from an average of $67 million for 1955-59 to $62 million in 1965, when it was more than one-half of all Guatemalan agricultural exports. The country's imports of agricultural products from the United States increased slightly during the period from $9.8 million in 1955-59 to $10.8 million for 1965, when they represented about two-thirds of Guatemala's farm imports.

Factors affecting agricultural trade:—Guatemalan coffee exports are restricted to annual quotas established under the International Coffee Agreement. Trade in sugar and meat is influenced by quotas established in the U.S. market. It is anticipated that recent reductions in world prices may restrict growth in cotton exports. These trade factors are offset, to some degree, by growth in agricultural trade encouraged by Guatemala's membership in the Central American Common Market (CACM).

In 1964, Guatemala increased import duties for a number of grains, meat and dairy items and other farm goods under provisions of the CACM agreement for equalization of import duties. Further increases in tariffs are scheduled before the agreement for the customs union—which will open free trade between CACM countries—is fully implemented.

—MARY S. COYNER
Foreign Regional Analysis, Division, ERS

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